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C O N F I D E N T I A L SECTION 01 OF 06 BAKU 000280

SIPDIS

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DEPARTMENT TO DAS BRYZA

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SUBJECT: AZERBAIJAN: PRESIDENT ALIEV ASKS FOR MORE SIGNS OF  
USG SUPPORT

Classified By: Ambassador Anne E. Derse, Reasons 1.4 (b,d)

11. (C) SUMMARY. In a February 12 meeting with Assistant  
Secretary Of Defense for International Security A/S Rodman,

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President Aliyev said the regional situation was "developing very rapidly," and called for "more public signs" from the USG of the strengthened bilateral relationship, as a show of support for Azerbaijan's independence. He expressed concern about Russia's and Iran's increasingly aggressive regional efforts, but said that Azerbaijan would remain independent of these two neighbors and would continue its efforts towards Euro-Atlantic integration. President Aliyev contrasted the regional pro-West strategic group of Azerbaijan, Turkey and Georgia with what he described as Armenia's pro-Russian and pro-Iran strategic alliance, adding that he was "disappointed" in USG non-support of the Kars-Akhalkalaki-Baku Railway project. A/S Rodman assured Aliyev that Azerbaijan's independence, sovereignty and territorial integrity were in the USG's strategic interests, and that the US would work towards increasing its cooperation in all fields. Most noticeable during this meeting were Aliyev's highlighting of his concern about increased strategic pressure from both Russia and Iran, and the directness of his request for increased signs of support from the West and from the USG in the face of this increased pressure. Aliyev pointed out that even Belarus was shaken by Russia's energy blackmail, and now wanted to join GUAM. Aliyev invited Defense Secretary Gates to Azerbaijan. END SUMMARY.

12. (C) On February 12 Assistant Secretary of Defense for International Security Affairs Peter Rodman, Deputy Assistant Secretary of Defense for Eurasia James MacDougall, Deputy

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Assistant Secretary of State Michael Coulter, NEA/I Office Director Barbara Leaf, and Ambassador Derse met with President Ilham Aliyev.

REGIONAL SECURITY  
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13. (C) A/S Rodman's opened by telling President Aliyev that Azerbaijan's independence, sovereignty and territorial integrity were important strategic interests of the United States, and that the bilateral security relationship was important to the USG for that reason. He had come here to listen, exchange views, and engage in a 'give-and-take'. President Aliyev said that the US and Azerbaijan had a good

partnership in security, counter-terrorism and other spheres, and was sure that this good partnership would continue. He had been informed that the Rodman delegation had had good meetings with the Ministers of Defense and National Security.

The GOAJ had a "great relationship" and ongoing cooperation with the US in many fields, to include energy and security, with all of these fields being interconnected. In response to A/S Rodman's citation of Secretary Rice's letter to President Aliyev as fully representative of the USG position, Aliyev said that he had been quite grateful for the Secretary's letter, which covered all the areas of bilateral

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cooperation, and agreed with the Secretary that the US and Azerbaijan shared common goals.

14. (C) Aliyev, pointing out that Azerbaijan is the only country bordering both Iran and Russia, said the general regional situation was "developing rapidly" and was currently "stable, but fragile." When Russia was weak, disorganized and dependent on aid, dealing with it was easier, but now Russia was "trying to become a superpower" once again, and the danger was increasing. It is "still a necessity" to strongly support Azerbaijan's independence; those former members of the Soviet Union that want to become independent must be supported, Aliyev said. Azerbaijan was increasingly important for Europe both as a source of energy and as a transit country for Caspian energy. Azerbaijan is the only acceptable source for European energy, but Russian pressure on Azerbaijan is growing. The situation with Iran's nuclear program is unclear, and causes serious concern for the GOAJ, which is on the "front lines - we will definitely suffer if something happens." Azerbaijan expects more pressure from Russia and Iran, which will be hard to resist, "but we are firm on our policy even if we continue to be on our own struggling for our future." Presently, there was much Iranian and Russian intelligence activity in Azerbaijan. The conflict with Armenia was another source of regional tension.

However, even given the above, Aliyev said that Azerbaijan

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is proud that it can determine its own destiny, and will "never surrender" its independent policies, as shown by its defiance of Gazprom this last winter.

"MORE SIGNS OF SUPPORT"

15. (C) Given the above regional strategic realities, Aliyev said that Azerbaijan needed more USG support for its independence. Steps have been taken to strengthen the energy corridor westwards; but cooperation on the Euro-Atlantic alliance was just as important as energy. Now was the time for the US and Azerbaijan to increase cooperation on programs strengthening Azerbaijan's independence and potential. Aliyev said his job as President was to "minimize potential risks," to Azerbaijan and "one way" is to "strengthen relations with the US." In this regard, he noted that Azerbaijan needs "new methods." He noted that "we try to maintain good relations with Russia, but our interests do not coincide." With the US "they do coincide." Azerbaijan "gives hope" to Ukraine and Kazakhstan, and Azerbaijan's success will be Georgia's and the Southern Energy Corridor's success.

16. (C) In response to Aliyev saying that the GOAJ wanted "more signs" from the USG of the strengthened bilateral relationship, A/S Rodman asked what signs Aliyev wanted. Aliyev said that he wanted more high-level visits and public events, such as the just-concluded EPC with its large USG delegation and "a broad agenda of cooperation," to show neighboring countries "that our relationship is strong." He pointed out that Defense Secretary Rumsfeld had visited Azerbaijan twice, and he told A/S Rodman that he was hereby inviting Secretary Gates to visit Azerbaijan. A/S Rodman, pointing out Defense Secretary Gates' background as a Russian expert, said that Gates had strongly encouraged Rodman's

Azerbaijan visit, and said that he would pass along the invitation.

#### PUTIN'S SPEECH

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17. (C) A/S Rodman said he had just traveled from Munich, where he had attended the Security Conference at which Russian President Putin had spoken strong words that not only criticized the U.S. but shocked the Europeans. European leaders' reactions to his speech were quite negative, and if Putin had thought he could somehow drive a wedge between Europe and the US with such talk, he was mistaken. The USG was keenly aware of Azerbaijan's precarious security situation, located as it was between Russia to the north and Iran to the south and the West realized that Azerbaijani stability was crucial.

18. (C) Aliyev, after joking that "we are the only country that has both these neighbors - what did we do wrong?" - said that Azerbaijan was proud of its ability to maintain its independence from these two and to be able to determine his own future. He said that Putin's speech was something that he should have said "in the kitchen" among friends, but not something to be said in a public forum. Putin had always criticized U.S. "domination" in private bilateral talks, so Aliyev was aware of Putin's true beliefs. "I have known Putin for three years and he was always like this. Two years ago he wouldn't have said it, but now he thinks he is Superman." Putin had made great efforts to become a respectable G-8 member, but after these public comments there can be no more public pretense that "everything was ok," and he can't continue as before. Putin's public comments that the USSR's collapse was a "tragedy" perforce meant that he saw Azerbaijan's independence as a tragedy. Aliyev said that the Soviet ideology was coming back in Russia. As such, Azerbaijan's Euro-Atlantic orientation was increasingly important.

19. (C) Quoting Bismarck that "Russia is never as strong or as weak as it appears," A/S Rodman agreed that Putin's speech revealed his true beliefs and "fifteen years of resentment." The US will deliberate over Putin's speech and not overreact. Rodman quoted Defense Secretary Gates' conciliatory statement in Munich after Putin's speech - "One Cold War was quite enough." Putin's remarks insulted Europe, to include his characterizing the OSCE as a "vulgar instrument of U.S. domination" - a comment that particularly amused the French head of OSCE. On the whole, Putin's speech helped move

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Europe closer towards the USG position, and even Germany seems to be a little more cognizant of the perils of relying on Russian gas.

110. (C) President Aliyev agreed that USG-GOAJ cooperation was vital, for Azerbaijan's independence and for regional development. The two cooperate on energy, security, counter-terrorism and political areas; he repeated that the time had come to increase cooperation on defense matters. With Russia's growing aggressiveness, Azerbaijan's good relations with the West will cause greater friction with its northern neighbor. The one remaining area of good cooperation between the US and Russia is in the Minsk Group process, in which Russia is a co-chair. Increased strain in the Russia-Azerbaijan relationship decreases the possibility of any N-K solution. There is no confluence of interests between Russia and Azerbaijan, but there is between the US and Azerbaijan. If tensions increase between the US and Russia, it will be worse for everyone, including Azerbaijan. In response, A/S Rodman said that the first step toward bettering bilateral relations is to understand the situation properly, and the USG does, "although we can't act perfectly." The USG is seeking to strengthen its ties with Azerbaijan.

11. (C) President Aliyev stressed Azerbaijan's importance as both a producer and as a potential transit country for Caspian energy. "If there had been no BTC pipeline, Georgia would be under Russian control by now, and Azerbaijan fifty percent under Russian control." Senator Lugar's November 27, 2006 speech to the German Marshall Fund conference in Riga, Latvia (note: in which the Senator referred to the centrality of energy security and to energy security as a NATO Article 5 Commitment) indirectly highlighted Azerbaijan's growing importance. Azerbaijan's energy projects were growing, and Azerbaijan could start sending gas to Europe as early as this year. Azerbaijan will be soon be involved in serious negotiations with Greece and Italy. He had offered to start an energy dialogue with the EU in 1994, but it had chosen then to rely on Russia. (COMMENT: FM Mammadyarov later told the Ambassador that the PM had reported positive meetings in Ashgabat, and that Mammadayarov planned to send a signal that he would visit Ashgabat if invited - upcoming septel. END COMMENT).

12. (C) Aliyev said that the GOAJ was "doing its job," working on energy security, democracy and economic development, and "I am proud, after 15 years, that we proved they (Russia) cannot act like bullies. All CIS applauded us, because we damaged the myth of dependence." Small CIS countries seeking to gain independence must be supported, and Azerbaijan's actions have given hope to the these countries. Azerbaijan's refusal of Gazprom gas has "destroyed the myth" of Russian omnipotence, and now there is hope that Kazakhstan and Turkmenistan will send their energy westwards, something that will be possible only through Azerbaijan. Kazakhstan signed an EU Energy MOU only after Azerbaijan did. Kazakhstan would like to ally itself with Azerbaijan and find European markets for its energy, as opposed to being forced to sell its gas cheaply to Russia, allowing Russia to sell its own gas at much higher prices to Europe. As for Turkmenistan, despite its unjustified claims to Azerbaijani offshore fields, the GOAJ would send its Prime Minister to the February 14 inauguration of Gurbanguly Berdimukhamedov.

#### TWO REGIONAL GROUPS

13. (C) Speaking generally, President Aliyev said regionally there were two "mutual support groups" forming, and he contrasted Azerbaijan's reaching out to the West along with Turkey and Georgia on the one hand against what he called Armenia's strong strategic alliance with Russia and Iran on the other hand. In the energy forum, Azerbaijan has built pipelines to the West, cooperating with Georgia and Turkey. At the time these pipelines were being built Azerbaijan did not want to avoid Armenia, but, he said, had no choice given "Armenian military aggression." However, Iran is building a gas pipeline to Armenia, a virtual Russian client state. Armenia has sold large sectors of its gas infrastructure to Gazprom. But "Azerbaijan is not Armenia, which supports

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Russia against even its own interest." Azerbaijan has engaged in significant military support to the West, both in Afghanistan and Iraq, but Armenia sent troops to Iraq only after Azerbaijan did so. It is Armenia that has a common defense pact with Russia. Aliyev said that he saw potential regional divisions occurring, and it was important for the West to evaluate countries' stances and alliances.

#### ARMENIA & THE RAILWAY

14. (C) Continuing, Aliyev asked rhetorically "what does it mean" that whereas the USG supported the BTC oil pipeline and SCP gas pipeline, it "vetoed participation" in the Kars-Akhalkalaki-Baku Railway, due to Armenian pressure in

the US Congress. He had discussed this matter with the Georgian and Turkish Presidents in Tbilisi on February 8 during the signing ceremony for the new railway. The three saw the USG position as "disappointing," and Aliyev asked rhetorically if Armenia were more important to the US than Turkey and Georgia, and, a little later, "why does the US defer to the interests of Armenia over those of three real and true partners to the US?" He pointed out that only "Russia and Armenia" were opposed to the railroad. Aliyev said he tries not to focus on this topic, but "our people ask questions," and Russia was sure to try to make political hay out of the USG position. Nevertheless, the GOAJ will go ahead and build the railroad without US assistance.

¶15. (C) A/S Rodman acknowledged Aliyev's concerns, adding that the US political system was complex and that Congressional and Administration priorities sometimes differed. However, A/S Rodman said that the USG and Azerbaijan shared a common regional strategic view. Section 907 had been a "strategic obstacle," but Azerbaijan could "count on President Bush." A/S Rodman said that while he couldn't make predictions about Congress or the future President, he was struck by the fact that in the Congress there was increasing clarity about Russia and Iran. The USG wants to intensify its strategic dialogue with Azerbaijan, and the upcoming political-military talks at the State Department in Washington in April would be an important step.

¶16. (C) President Aliyev said that he was eager to see signs of increased cooperation. The strategic situation was different than it was three to five years ago. There were many threads in the current situation, to include Iran's nuclear program and Russia's new assertiveness. In a related vein, the situation in the CIS was changing rapidly, especially in Belarus and Ukraine, due largely to Russian policy. Whereas Russia was smart with Ukraine, its policy towards Belarus and Azerbaijan was stupid. Within the CIS, "we were the only ones who showed it was possible not to surrender to Russia." If Gazprom had offered every CIS country gas at the "market price" of USD 235 per thousand cubic meters, it could claim that these deals were strictly commercial. However, Gazprom's offer of gas at preferential rates to states that aligned their policies to those of Russia belied this claim. Gazprom made a mistake in seeking to pressure Azerbaijan, and its hamfisted policies actually helped Azerbaijan. Concerning Belarus, Aliyev said that President Lukashenka had told him that Belarus wanted to join GUAM.

IRAN

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¶17. (C) Iran Officer Director Leaf told President Aliyev that senior people in the State Department and the USG were following the situation in Iran very closely, and were seeing signs that President Ahmadinejad was under attack from many of Iran's conservative leaders. Many were saying Ahmadinejad, who has been reckless in his foreign policy direction, has become politically weaker of late, but she was interested in hearing President Aliyev's observations. Aliyev said that he had not met with Ahmadinejad for a while, but the last time they met he was "very aggressive, very confident." However, "a lot has happened since then."

¶18. (C) Aliyev said he had met with Iranian Deputy Foreign Minister for Asia and Oceania Affairs, and Iran's Special Envoy in Caspian Sea Affairs Mehdi Safari the previous week, who was very confident. They discussed Caspian delimitation, although coming to no agreement. Safari told Aliyev that

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Iran was very active in the region, to include Iraq. Safari was "very enthusiastic," saying that Iran's regional presence was "becoming stronger." Safari told Aliyev that the USG was trying to lower oil prices in order to hurt Iran, but wasn't successful. Aliyev said that a confident and enthusiastic



Safari told him that "no one can do anything against us," which was not a good sign. Iran was a permanent potential danger for Azerbaijan. Aliyev said that in Iran everything depends on force from within, and that the Iranian people must put pressure on their government for change. Aliyev said he thought the Iranian political establishment was "more united" than during Khatami's time, and didn't think Ahmadinejad's position was in any danger and that the conservatives won't move against him. Russia was also supporting Iran, which was a dangerous policy.

¶19. (C) A/S Rodman said that the USG was seeking to deter, not provoke, a conflict with Iran. "Iran was overconfident now, and may have overplayed its hand." If they pursue their nuclear program, they run the risk of facing further steps by the international community, and it was up to the US, working with its partners, to deflate this Iranian confidence. As for Russian support of Iran, he quoted Defense Secretary Gates' comments to Russian MOD Ivanov that this was very short-sighted on Russia's part. Concerning recent initiatives against Iran in Iraq, A/S Rodman said the USG had been patient for 18 months but finally had to respond to Iranian attempts to destabilize Iraq. The USG has "pushed back" inside Iraq, and positioned two Carrier Strike Groups in the Persian Gulf. The USG and its European allies were also seeking to bolster the Lebanese government in the face of Iranian attempts to overthrow it. The USG seeks to solve the Iranian nuclear issue through diplomacy, and if Iran continues to disregard the will of the international community as expressed by UN Security Council resolution 1737, it could well face additional sanctions. Leaf said that the USG policy on Iran had both "public and non-public" elements, and that there was increasing tempo to USG efforts to put financial and economic pressure on the regime.

#### GULF SECURITY DIALOGUE

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¶20. (C) DAS Coulter described the Gulf Security Dialogue (GSD), a series of bilateral dialogues designed to reassure our Gulf allies who were worried about Iranian hegemony, as a topic that Azerbaijan might find interesting. The GSD was based on six pillars designed to strengthen bi- and multilateral security cooperation: 1) enhanced bilateral defense cooperation, 2) regional security issues (such as Iranian WMD and Lebanon), 3) critical infrastructure protection, 4) stopping terrorism and strengthening defense, 5) counter-proliferation, 6) peace and stability in Iraq. In response, Aliyev said that Azerbaijan and the US are doing many of these activities already. A/S Rodman said that GSD was illustrative of the cooperation the USG had with its allies who were concerned about Iranian bellicosity. Later in the conversation, underscoring that "both Russia and Iran will pressure Azerbaijan more; I can predict it will not be easy to resist," especially given Russian and Iranian intelligence activities in Azerbaijan, Aliyev said that "we need to prepare a program" in addition to our ongoing work on energy security, anti-terrorism, Caspian maritime security; "we can frame a dialogue like you have with Arab" countries.

#### GEORGIA

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¶21. (C) Aliyev said that Georgia also was a strategic key for the West, and regional development depends on coordinated policies. The only reason that Georgia has not suffered this winter was because of Azerbaijan's help and support. SOCAR investment in the Georgian port of Kulavi, and the presence of Azerbaijani banks in Georgia, will increase bilateral economic ties between the two neighbors. The Georgian leadership had become more "down to earth, more focused on regional cooperation." It is lucky to have Azerbaijan as a friend.

#### NATO

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¶22. (C) Aliyev said that November 2006 was his second visit

to NATO headquarters in Brussels. His speech followed that

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of 15 different Ambassadors to including the US Ambassador. The visit was positive, as was Azerbaijan-NATO cooperation, and "100 percent" of the Ambassadors present expressed support for Azerbaijan. Azerbaijan cooperates with NATO because of shared interests. Armenia's military cooperation with Russia is extensive, and to the extent it cooperates with NATO it is only because Azerbaijan is so doing. More generally, Armenia's strategic decisions have caused it to have bad relations with three of its four neighbors, and to miss out on becoming a regional player. Armenian President Kocharian does whatever Putin says - "this is the truth. The last delay on NK was because of Kocharian's visit to Sochi and meeting with Putin. Without Russian bases in Armenia and Russian support NK would be solved today. We all know why it is not."

¶23. (C) COMMENT: While the State-DOD visit had been planned with a focus on Iran, in the immediate wake of President Putin's Munich speech and Azerbaijan's open defiance of Russian pressure in the fall and winter, Aliyev also demonstrated a marked preoccupation with Russia. Aliyev's comments made clear that in light of regional pressures, he is less concerned than previously about his neighbors' sensitivities to deeper US-Azerbaijan engagement, signaling repeatedly to the USG delegation that he wants the protection afforded by a higher public profile to the relationship. This represents an opportunity we should seize to advance our objectives across the range of our interests in Azerbaijan - political and economic reform, energy and security. END COMMENT.

¶23. (C) This cable was cleared by A/S Rodman.  
DERSE